

To Northern Rock Shareholders

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UK Shareholders Association
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Northern Rock Shareholders Action Group – Update No. 46

Letter from Andrew Caldwell

Many shareholders have received a letter from Andrew Caldwell of BDO Stoyward concerning the valuation of Northern Rock – he is the Government's appointed independent valuer. A copy of the letter is present on our web site at:

www.uksa.org.uk/Valuers_Letter_Nov2008_B.pdf

Our response to the letter on behalf of shareholders is also present on our web site at:

www.uksa.org.uk/UKSA_Valuer_Response_Nov2008.pdf

In respect of your own response to the letter (all shareholders are invited to comment), we suggest you may simply write to Mr Caldwell and express the view in your own words that the terms of reference for the valuation effectively undermine his independence as a valuer and make a nonsense of the whole process (see below). In reality it is the acquirer of a company dictating the valuation terms for their own benefit.

You should also send a copy to your local M.P. so that he/she is aware of this issue. If you don't know who your M.P. is or how to contact him, use this web site page to find that information: www.parliament.uk/directories/directories.cfm

Note that we have already received quite a few samples of letters sent to Mr Caldwell from our supporters and thanks for those. A typical example is that from Robert Harris which probably represents the views of many: www.uksa.org.uk/Harris_Letter_Nov2008.pdf .

The Unfair and Unrealistic Valuation Assumptions

To remind you: the Valuer is bound to assume that the company was not a "going concern" and was in "Administration", neither of which was true in fact. The company was definitely not in Administration and was trading normally (and the year end accounts for 2007 were produced on a "going concern" basis). In addition assumption have to be made that all financial assistance had been withdrawn by the Government and no future assistance would have been forthcoming – the first part is definitely untrue and the latter seems very unlikely and has not in reality taken place.

Donations Received

Thanks to all those supporters who sent donations in response to our last appeal. We do not acknowledge individual donations unless specifically asked to do so. We don't wish to add unnecessarily to our administration costs, but if anyone specifically wants an acknowledgement or a receipt we are happy to provide one.

It was also apparent from the responses received that a lot of people have changed postal or email addresses since this campaign commenced. Please notify us of any changes in either type of address if you wish to be kept informed.

Bank Dividends Campaign

For those investors who have been hit by the decline in the shares of other UK banks, and limitations on future dividends, we have started a general campaign to try to get more reasonable terms. The commitment by Royal Bank of Scotland, LloydsTSB and HBOS to not pay any dividends for five years is particularly distressing for those people living on dividends for their retirement income. More details of this campaign can be seen on a dedicated page of our web site at: www.uksa.org.uk/Bank_Investors_Campaign.htm

If you hold shares in the above mentioned banks you may care to register your interest in that campaign also. We are also holding a meeting for investors in these companies in London on the 11th December which you may care to attend. See the above web site page for more details.

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Note that all previous "Update" notes on Northern Rock that we have issued are present on the following web site page: www.uksa.org.uk/NorthernRock.htm